

VIRGINIA:

BOOK 293 PAGE 477

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES EXPLORATION)
A Division of Equitable)
Resources Energy Company)
)
)
)
)
)
RELIEF SOUGHT: SUPPLEMENTAL ORDER TO VGOB)
DOCKET NO. 93-0316-0344) VIRGINIA
POOLING OF INTERESTS) GAS AND OIL
IN DRILLING UNIT SERVED) BOARD
BY WELL NO. P-289C)
PURSUANT TO SECTION) DOCKET NO.
45.1-361.22, (CODE OF) VGOB 93-0518-0371
VIRGINIA, 1950 AS) (SUPPLEMENTAL ORDER
AMENDED) FOR THE PRODUCTION) TO VGOB 93-0316-0344
OF COALBED METHANE GAS) ENTERED APRIL 16, 1993
(herein "Coalbed Methane) AND RECORDED IN DEED
Gas" or "Gas")) BOOK 291 AT PAGE 471,
) DICKENSON COUNTY,
) VIRGINIA
LEGAL DESCRIPTION:)
)
DRILLING UNIT SERVED BY WELL NUMBER)
P-289C (Hereafter "Subject Drilling)
Unit") IN THE NORA COALBED GAS FIELD,)
HAYSI QUADRANGLE,)
SANDLICK MAGISTERIAL DISTRICT)
DICKENSON COUNTY, VIRGINIA)
(the "Subject Lands" are more)
particularly described on Exhibit)
"A", attached hereto and made a)
part hereof))

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on May 18, 1993, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.

2. Appearances: Douglas S. Tweed and Jim Kaiser of Hunter, Smith & Davis appeared for the Applicant; Terry D. Ball, Lisa K. Ball and Jeffrey Brent Counts filed written objections, but failed to appear; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Sections 45.1-361.1 et seq., Virginia Code, 1950 as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonable available sources to determine the identity and whereabouts of potential owners, i.e., persons identified by Applicant as having or claiming the rights to Coalbed Methane Gas in all Pennsylvanian-aged coals from the top of the Raven formation, including all splits, to the top of the red and green shales, including, but not limited to the Raven, Jawbone, Upper Horsepen, Middle Horsepen, War Creek, Beckley, Lower Horsepen, Pocahontas No. 8, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 1, unnamed coal seams, and other associated formations known as the Nora Coalbed Gas Field (hereafter "Subject Formations") in Subject Drilling Unit underlying and comprised of

Subject Lands, and (2) has given notice to all parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by §§ 45.1-361.19 and 45.1-361.22, Virginia Code, 1950 as amended, to notice of this application, and (3) that the persons set forth in Exhibit B hereto are persons identified by Applicant who may be claimants of Coalbed Methane Gas interests in Subject Formations, in Subject Drilling Unit underlying and comprised of Subject Lands who have not heretofore agreed to lease to the Operator and/or to voluntarily pool their interests, and who were not named as Respondents in the Board Order entered April 16, 1993 under VGOB Docket No. 93-0316-0344 pooling interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B, Virginia Code, 1050 as amended. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of due process.

4. Amendments: Exhibit B.

5. Dismissals: None.

6. Relief Requested: Applicant requests (1) that the written objections filed by Terry D. Ball, Lisa K. Ball and Jeffrey Brent Counts be denied; (2) that pursuant to §§ 45.1-361.22, including the applicable portions of § 45.1-361.21, Code of Virginia, 1950 as amended, the Board pool the rights and interests in and to the Gas in Subject Drilling Unit, including those of the known and unknown persons named in Exhibit B hereto and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from the Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and (3) that the Board designate Equitable Resources Exploration as Unit Operator.

7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) the written objections filed by Terry D. Ball, Lisa K. Ball, and Jeffrey Brent Counts to the extent they are applicable to these pooling proceedings are denied; (2) pursuant to Sections 45.1-361.21.C.3, Code of Virginia, 1950 as amended, Equitable Resources Exploration (hereafter "Unit Operator") is designated as the Unit Operator authorized to drill and operate any well in the Subject Drilling Unit, subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended; to the Board's Order establishing Drilling Units for the Nora Coalbed Gas Field in Dickenson, Wise, Russell, and Buchanan Counties, Virginia, dated March 20, 1989; to § 480-05-22.1 et seq., Gas and Oil Regulations; and to § 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, all as amended from time to time, and (3) all the rights and interests in and to the Gas in Subject Drilling Unit of Terry D. Ball and Lisa K. Ball, together with the rights and interests of the remaining known and unknown persons listed on Exhibit "B", attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, whose rights and interests in and to the Gas were heretofore pooled by Board Order No. VGOB 93-0316-0344, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

<u>Subject Formations</u>	<u>Unit Size</u>	<u>Permitted Well Location</u>	<u>Field and Well Classification</u>	<u>Order Number</u>
All Pennsylvanian-aged coals from the top of the Raven formation, including all splits, to top of the green and red shales, including, but not limited to the Raven, Jawbone, Upper Horsepen, Middle Horsepen, Warcreek, Beckley, Lower Horsepen, Pocahontas No. 8, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 1, unnamed coal seams, and other associated formations known as the Nora Coalbed Gas Field	Approximately 58.77-acre drilling unit	One well at location depicted on Exhibit A	Nora Coalbed Gas Field and coalbed methane (CBM) gas well	Nora Coalbed Gas Field Order dated March 20, 1989

For the Subject Drilling Unit
underlying and comprised of the Subject
Land referred to as:

Unit Served by Well Number P-289C
Dickenson County, Virginia

8. Election and Election Period: In the event Terry D. Ball and Lisa K. Ball have reached a voluntary agreement to share in the operation of Well P-289C at a rate of payment mutually agreed to by said gas or oil owner and the Operator, then they may elect one of the options set forth in Paragraph 9 below and must give written notice of their election of the option selected under Paragraph 9 herein to the designated Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the designated Unit Operator at the address shown below or has duly postmarked and placed his written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. Election Options:

- 9.1 Option 1 - To Participate In The Development and Operation of the Drilling Unit: Terry D. Ball and Lisa K. Ball may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation VR 480-05-22.2, Section 10 ("Completed for Production Costs"). Further, a Participating Operator agrees to pay such Participating

Operator's proportionate part of the Estimated, Completed-for-Production Costs set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The Estimated, Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs - \$194,518.00

A Participating Operator's proportionate cost hereunder shall be that proportion of said costs which the number of net mineral acres in the Subject Drilling Unit owned or claimed by such Participating Operator bears to the total number of mineral acres in Subject Drilling Unit. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

- 9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, Terry D. Ball and Lisa K. Ball may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, together with a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Coalbed Methane Gas and Gas condensate produced from any well development covered by this Order multiplied by the electing person's percentage as set forth in Exhibit B (for purposes of this Order, net proceeds shall be actual proceeds received less post-production costs incurred downstream of the wellhead, including, but not limited to, gathering, compression, treating, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said person. The initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within sixty (60) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within sixty (60) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

The election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

- 9.3. Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and

operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving the Cash Bonus Consideration under Paragraph 9.2 above, Terry D. Ball and Lisa K. Ball may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign its rights, interests, and claims in and to the Gas produced from Subject Formations in the Subject Drilling Unit to the Unit Operator for the period of time during which its interest is carried as above provided prior to its reversion back to such electing person.

10. Failure to Properly Elect: In the event Terry D. Ball or Lisa K. Ball have not reached a voluntary agreement to share in the operation of Well P-289C at a rate of payment mutually agreed to by said gas or oil owner and the Operator and they fail to elect within the time, in the manner and in accordance with the terms of this Order, one of the alternatives set forth in Paragraph 9 above, then they shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to a final legal determination or ownership, to have elected to accept as satisfaction in full for their right, interests, and claims in and to the Gas produced from Subject Formation in Subject Drilling Unit, the consideration provided in Paragraph 9.2 above for which its interest qualifies and shall be deemed to have leased and/or assigned all their right, interests, and claims in and to the Gas to the Unit Operator. Persons who fail to properly elect shall be deemed, subject to a final legal determination of ownership, to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from in the Subject Lands.

11. Default By Participating Person: In the event Terry D. Ball or Lisa K. Ball elect to participate under Paragraph 9.1, but fail or refuse to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of their proportionate part of the Estimated Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed

in this Order, then they shall be deemed to have withdrawn their election to participate and shall be deemed to have elected to accept as satisfaction in full for such their right, interests, and claims the consideration provided in Paragraph 9.2 above for which their interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from the Subject Formation underlying the Subject Lands covered hereby, except, however, for any 1/8 royalties which would become due pursuant to Paragraph 9.2 hereof.

12. Assignment of Interest: In the event Terry D. Ball or Lisa K. Ball are unable to reach a voluntary agreement to share in the operation of Well P-289C at a rate of payment mutually agreed to by said gas or oil owner and the Operator, and they elect or fail to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Formations in Subject Drilling Unit, then they shall be deemed to have and shall have assigned unto Unit Operator their right, interests, and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in production to which they may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said election.

13. Unit Operator (or Operator): The Applicant, Equitable Resources Exploration, be and hereby is designated as Unit Operator authorized to drill and operate the well in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Section 45.1-361.27 et seq., Code of Virginia, 1950 as amended, §§ 480-05-22.1 et seq., Gas and Oil Regulations and §§ 480-05-22.2 et seq., Virginia Gas and Oil Board Regulations, and the Virginia Oil and Gas Conservation Board's Order for the Nora Coalbed Gas Field dated March 20, 1989, all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Equitable Resources Exploration
P.O. Box 1983
Kingsport, TN 37662-1983
Attn: Dennis Baker
Phone: (615) 224-3800
Fax: (615) 224-3895

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) days from the date of Order VGOB 93-0316-0344, and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any cash sums becoming payable hereunder; otherwise, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged unless sooner terminated by Order of the Board. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referenced to herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a

charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts so due under the terms of this Order.

16. Escrow Provisions:

By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank
P. O. Box 909
Tazewell, VA 24651
(herein "Escrow Agent")

16.1 Escrow Provisions For Unknown or Unlocatable Persons: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator, and pursuant to Section 45.1-361.21.D, Code of Virginia, 1950 as amended, said sums shall be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of the report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with § 45.1-361.21.D., Code of Virginia, 1950 as amended.

16.2 Escrow Provisions For Conflicting Claimants: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Virginia Code Sections 45.1-361.22A.2, 45.1-361.22A.3 and 45.1-361.22.4, be deposited by the Operator into the Escrow Account, commencing within sixty (60) days of the recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

17. Special Findings: The Board specifically and specially finds:

- 17.1 Applicant is a corporation duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2 Applicant claims ownership of gas leases, coalbed methane gas leases, and/or coal leases under 97.99 percent of the unit acreage in Subject Drilling Unit, and Applicant claims the right to explore for, develop and produce Coalbed Methane Gas from Subject Formations in Subject Drilling Unit underlying Subject Lands.

- 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.4 Applicant has proposed the drilling of one (1) well to a depth of 2,365 feet on the Subject Drilling Unit to develop the pool of Gas in Subject formations.
- 17.5 Respondents are Terry D. Ball and Lisa K. Ball. Set forth in Exhibit "B" is the name and last known address of each person of record identified by the Applicant as having or claiming a potential interest in the Coalbed Methane Gas in Subject Drilling Unit underlying and comprised of Subject Lands including the Respondents in the above-styled cause as well as the persons whose rights and interests in and to the Gas were heretofore pooled by Board Order No. VGOB 93-0316-0344, after which 2.01 percent remained unleased by or to the Operator.
- 17.6 A well work permit for Well No. P-289C is currently pending before the Virginia Department of Mines, Minerals and Energy.
- 17.7 The estimated total production over the life of the proposed well is 300 million cubic feet.
- 17.8 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in Paragraph 9 above; and
- 17.9 The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production from Subject Drilling Unit. The granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of coalbed methane gas, prevent or assist in preventing the various types of waste prohibited by statute and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
18. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
19. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
20. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
21. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 21st day of July, 1993, by a majority of the Virginia Gas and Oil Board.

Benny R. Wampler
Chairman, Benny R. Wampler

DONE AND PERFORMED this 22nd day of July, 1993, by Order of this Board.

Byron Thomas Fulmer
Principal Executive To The Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 21st day of July, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett
Susan G. Garrett
Notary Public

My commission expires 7/31/94

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 22nd day of July, 1993, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis
Diane J. Davis
Notary Public

My commission expires 9/30/97

NOTE: Elevation determined by
Spiral level from Clinchfield
Station No. 17

BOOK 291 PAGE 480
Latitude 37° 10' 00"
Ls. # 242691
Jeffery Counts et. al.
COAL, OIL & GAS
GAS - 3.542 Ac., 6.03 %
Tract 4

Ls. # PO-148, T-327
Almaren Owens
329.72 Ac.
Clinchfield Coal Co./
Pyxis Resources Co.- COAL
Pine Mountain Oil & Gas Co.-
OIL & GAS
GAS - 13.700 Ac., 23.31%
Tract 3

Ls. # PO-148, T-365
N. B. Sutherland
408.23 Ac.
Clinchfield Coal Co./
Pyxis Resources Co.- COAL
Pine Mountain Oil & Gas Co.-
OIL & GAS
GAS - 38.804 Ac., 66.03%
Tract 1

NOTE: Iron Pipe References
S 19°30'15" E; 186.21'
S 30°50'36" E; 320.09'

Clinchfield Coal Co. Coords.
N - 11,775.28
E - 35,412.11

State Plane Coords.
N - 312,733.21
E - 903,586.71

Pace Oil Co., Inc.
SURFACE

P-289C
CBM

Ls. # PO-148, T-364
N. B. Sutherland Tr.
408.23 Ac.
Clinchfield Coal Co./
Pyxis Resources Co.-COAL
Pine Mountain Oil & Gas Co.-
OIL & GAS
GAS - 38.804 Ac., 66.03%
Tract 1

UNIT = 58,770 Ac.

LEGEND
○ - Proposed Well Loc.
⊗ - Offset Well
— - Mineral Line
— - Surface Line

DWG. # 1540

WELL LOCATION PLAT

Company Equitable Resources Exploration Well Name and Number P-289C

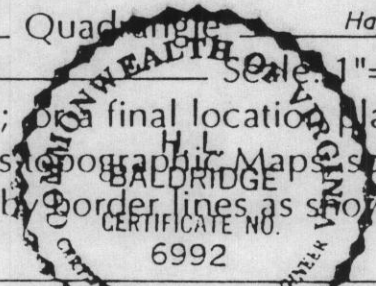
Tract No. T-364 Elevation 2013.15 Quadrangle Haysi

County Dickenson District Sand Lick Scale 1"=400' Date 01-28-93

It is a new plat X; an updated plat —; or a final location plat —;

Denotes the location of a well on United States topographic Maps scale 1 to 24,000,
latitude and longitude lines being represented by border lines as shown.

[Signature]



(Affix Seal)

Licensed Professional Engineer or Licensed Professional Surveyor

EXHIBIT "B"

P-289C

BOOK **293** PAGE **487**Revision #3
VGOB/93/05/18-0371

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
1	Pine Mountain Oil and Gas Attn: Richard Brillhart P.O. Box 4000 Lebanon, VA 24266	Leased-EREX Tract T-364 PO-148/241490	66.03%	38.804
2	Pine Mountain Oil and Gas Attn: Richard Brillhart P.O. Box 4000 Lebanon, VA 24266	Leased-EREX Tract T-365 PO-148/241490	4.63	2.724
3	Pine Mountain Oil and Gas Attn: Richard Brillhart P.O. Box 4000 Lebanon, VA 24266	Leased-EREX Tract T-327 PO-148/241490	23.31	13.7
4	<u>Jeffrey Brent Counts, et al</u> Michael Von Grizzle P.O. Box 1572 Bellevue, Florida 32620 Daniel Edward Hay 118 Farmhill Drive Summerville, SC 29483 Nina Jean Brown 4285 N.E. 25th Avenue Ocala, Florida 34479 Anthony Wayne Grizzle Cynthia Grizzle 4285 N.E. 25th Avenue Ocala, Florida 34479 Virginia Kay Williamson Marvin Williamson P.O. Box 351 Anthony, Florida 32617 Paula Diane Brooks Scott Brooks, W/H c/o E. G. Deel 424 N.W. 26th Street Ocala, Florida 34470	Leased-EREX 242691L-02 Leased-EREX 242691L-05 Leased-EREX 242691L-03 Leased-EREX 242691L-04 Leased-EREX 242691L-06 Leased-EREX 242691L-09	.402 .402 .402 .402 .402 .67	.2361334 .2361334 .2361334 .2361334 .2361334 .393555

EXHIBIT "B"

P-289C

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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
	Barbara Gail Barnwell 2530 N.E. 1st Avenue Ocala, Florida 32670	Leased-EREX 242691L-07	.67	.393555
	Judy Carolyn Deel 424 N.W. 26th Street Ocala, FL 34470	Leased-EREX 242691L-08	.67	.393556
	Jeffrey Brent Counts 4263 Sprengle Lane Richmond, Virginia 23228	Unleased	1.206	.7084
	Terry D. Ball and Lisa K. Ball, H/W H.C. #67, Box 347-A Dante, VA 24237	Unleased	.804	.4723
TOTAL			100.00%	58.77
Percentage of Interest Leased			97.99%	
Percentage of Interest Unleased			2.01%	
Acreage Leased in Unit				57.59
Acreage Unleased in Unit				1.18

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY July 30 1993. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:25 o'clock P.M, after payment of \$ tax imposed by Sec. 58.1-802.

Original returned this date to:

Diane Davis

TESTE JOE TATE, CLERK

BY:

Lisa Large D. CLERK